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Case No 52

A SURVEY OF CANADIAN IMPORTS

.. AND THE ..
RESULTS OF PREFERENCE.

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PRICE TWOPENCE.


Printed and Published by . . .

THE DAILY CHRONICLE,

31, Whitefriars Street, Fleet Street, London, E.C.

A SURVEY OF CANADIAN IMPORTS OF MERCHANDISE.

The advocates of preferential trade within the British Empire are always eager to point out the great increase in British exports to Canada since preferential treatment was accorded to British goods in 1897 by the Dominion. Protests on the other hand are not wanting that the general increase in the Canadian imports since 1897 has been greater than that in the British proportion—the inference in the one case being directly contrary to the inference in the other case—and the actual effect of the preference accorded to British goods is of such importance as a factor in Tariff Reformers' proposals that it is highly desirable to obtain as close a view as possible of the true state of the case.

Trade statistics, it must be remembered, are in most countries merely an incidental by-product of a revenue-producing system, and although, undoubtedly, much care is bestowed upon the preparation of them, they are by no means perfect. For checking or estimating the revenue from duties, they are all-sufficient, but when they are taken for the purpose of showing the progress of a country's commerce or as a guide to found or maintain a fiscal or an external policy, they must be sifted very carefully. Allowance must be made for fluctuations in prices and search should be made for other defects before they can be safely used to forecast the effects of a change of policy which has any large body of opponents.

In the case of Canada, the information given in the annual reports, supplemented by the monthly returns, is far greater than in any other Colony, and wonderful care is bestowed upon the work; but the geographical conditions of that country compared with an isolated country, like Australia, occasion complications which make it much more difficult to detect and to correct disturbing factors, or accurately to define the true material progress of the country, or the effects of preference on the Mother Country's trade. Transit-traffic from or through the United States to Europe affects both exports and imports, and the inclusion of alien produce inflates the imports from the United Kingdom largely, and those from the United States also, though to a much smaller extent. The gross imports largely exceed the entries for home consumption, but the surplus does not amount to much more than one-half of the exports of foreign produce, which in reality ought to correspond.

TRANSIT-TRAFFIC OR RE-EXPORTS.

Table A.—Canadian Imports of Merchandise (\$000 omitted).

1898-1906.		From United Kingdom.		
		Dutiable.	Free.	Total.
Gross Imports	\$335,692	.....	\$121,424	..... \$457,116
Entered for Home Consumption...	333,251	.....	121,872	..... 455,123
	\$2,441	.....	— 443	..... 1,993 = 0.4 per cent.
		From United States.		
Gross Imports	\$627,640	.....	\$515,921	..... \$1,143,561
Entered for Home Consumption...	564,636	.....	515,661	..... 1,080,297
	\$63,004	.....	260	..... 63,264 = 5.5 per cent.

A superficial glance at these figures would give the impression that in both cases the variation in the free goods was very small, and was what might reasonably be expected to occur; and that the excess of imports over consumption of British dutiable goods is not large enough seriously to disturb the totals. The corresponding excess in American dutiable goods, amounting to no less than ten per cent., occasions immediate interest in the footnote which appears in the British Abstract on Colonial trade, that the gross imports include wheat in transit duty free through the Dominion from the United States. Upon examination, however, it will be found that the total recorded imports of wheat from 1898-1905 amounted only to \$38,957,000, whereas the excess of imports amounted to \$58,348,000, thus rendering deeper scrutiny necessary. To attain ideal statistical symmetry, surplus imports should correspond closely with the amount of foreign produce re-exported, and not show such a difference as 65 millions do to 111 millions.

Table B (Table A expanded) (\$000 omitted).
Differences between Gross Imports and Home Consumption.
(Surplus of Gross Imports in black. Excess in Home Consumption in italics.)

	From United Kingdom.		From United States.		All Countries.	Foreign Produce.
	Dutiable.	Free.	Dutiable.	Free.	Total.	Exported.
1896	210	-51	5,313	447	7,424	6,607
1897	-27	-65	9,052	65	7,924	10,825
1898	413	-64	8,033	162	9,225	14,981
1899	-71	-43	8,810	-174	8,709	17,520
1900	725	-42	6,922	206	8,824	14,266
1901	167	-30	9,223	-101	9,178	17,078
1902	267	-40	8,741	246	9,779	13,951
1903	228	-57	6,740	419	7,425	10,828
1904	228	-65	5,437	734	7,747	12,641
1905	314	-118	4,442	-1,150	4,908	10,617
	2,271	-419	58,348	52	65,796	111,881
1906	170	-20	4,656	208	3,925	11,174
	\$2,441	-448	63,004	260	69,720	123,055

0.7 p.c. -0.4 p.c. 10.4 p.c. 0.05 p.c.

This expansion of figures discloses several points of interest.

- (1) The surplus of imports, both from the United Kingdom and the United States, is practically confined to dutiable goods.
- (2) British free goods entered for Home consumption invariably exceed the declared supply.
- (3) American free goods, on the contrary, show a surplus supply.
- (4) The foreign exports are almost double the amount of the surplus imports, whereas in 1896 they did not equal them, but in 1899-1895 the exports were again in excess of the imports.

Taking No. 3 first, the marked change in 1905 is due to a change in classification after importation. From 1902 to 1904 the importations and consumption of American steel rails coincided exactly, but in 1905 they were as follows:—

	Dutiable.	Free.	Total.
Gross Imports	\$1,887,916	\$3,002,777	\$4,890,693
Home Consumption	233,073	4,517,486	4,750,559
Difference	\$1,654,843	..... + \$1,514,709	\$140,134

It is obvious that if the \$1,514,709 cleared as "free" over and above the amount so imported had been originally entered as "free" instead of "dutiable" the deficit for 1905 in Table B for American free goods would have been converted into a surplus—and possibly some similar explanation might be found for the deficits in 1899 and 1901. The examination of this occurrence draws attention to the fact that whereas, according to the British abstract of Colonial tariffs, rails in

Canada are subjected to a duty of 28s. 9 1-3d. per ton of 2,000 lbs. and British rails, inferentially, are granted a rebate of duty, the import returns show that iron rails only are dutiable, totalling under two million dollars in eight years, as against steel rails, which amount to over twenty-four million dollars, admitted free.

(1) The surplus of dutiable goods from Great Britain is unimportant: that on dutiable goods from the United States is very large, and the presumption is the goods were exported. The total surplus of imports not entered for consumption for 1898-1905 is \$65,795,000, and this falls short of the amount of foreign produce recorded as re-exported by \$46,086,000. The term "entered for consumption" is officially stated to be merely a technical term, not necessarily implying that the goods have been consumed in Canada, but that they have passed into the hands of the importer. The example of Indian corn in the following table will show that in the case of free goods this may mean that they are received by an agent simply for the purpose of transit for export, and the inclusion of such goods in the imports gives a fictitious inflation to them in the same way as British imports are inflated by Continental goods sent over for reshipment, as will subsequently be explained.

Table C.—Principal articles of foreign produce recorded as re-exported 1898-1905. (\$000 omitted).

	Surplus Impts. not Entered for Home Con.	Foreign Produce.		
		Recorded Exports.	Origin not Accounted for in Imports.	Destination not Accounted for.
Breadstuffs	44,073	73,402	29,329	—
Wheat	38,083	51,153	530	—
Indian Corn	205	22,253	29,758	—
Flaxseed	nil	3,901	3,901	—
Tea	92	2,524	2,432	—
Tobacco	1,634	1,923	289	—
Metals and Manufactures	623	4,760	4,137	—
Drugs, Chemicals, &c.	372	3,178	2,806	—
Wood and Manufactures	58	2,147	2,089	—
Provisions	5,035	4,548	—	487
Living Animals.....	4,180	2,486	—	1,694
Horses*	1,345	2,082	—	1,231
Coal	3,154	913	—	2,241
Spirits and Wines	1,591	528	—	1,063
Settlers' Effects	—	552	552	—
	\$60,812	100,863	45,535	5,485
		60,812	5,485	
Exported after being entered for Home Consumption		40,050	40,050	

The returns for 1906 shew similar differences.

There are two streams of traffic flowing eastwards to Europe carried on through-bills of lading—American produce via Canadian ports, and Canadian produce via American ports, and vice-versa two streams westwards—which possibly cause confusion in the statistics. Some information of the dimensions of that traffic eastwards may be gleaned from the new returns issued by the Board of Trade correcting British imports for 1904 and 1905 for true countries of origin.

Table D.—Goods in transit to United Kingdom (£000 omitted).

	Wheat.	Ind.	Crn.	Br'dstfs.	Meat	Other	Products.	Foods.	Total in Full.
1904									
U.S. Produce via Canada	—	75	368	483	87	—	—	—	£1,013,539
Canadian Produce via U.S.	109	—	68	854	674	—	—	—	£1,705,190
1905—									
U.S. Produce via Canada	—	130	240	1,376	95	—	—	—	£1,840,911
U.S. Produce via Canada, according to Abstract	—	—	—	—	—	—	—	—	£3,300,953
Canadian Produce via U.S.	32	—	94	—	697	—	—	—	£823,548
Canadian Produce via U.S., according to Abstract	—	—	—	—	—	—	—	—	£2,177,820

* A herd of swine, value \$326,425, imported in 1905 is also statistically missing up to June, 1906.

None of the American wheat in transit referred to in the footnote in the British Abstract appears in these figures in detail, and a very small proportion of the Indian corn, to which attention has been drawn. The great difference between the abstract given in the 1905 volume and the detailed tables in the same is unexplained: it may have a bearing on Table B, but that is not certain. The surplus imports in Table B are nearly all accounted for in Table C, and a considerable amount of the excess of foreign produce re-exported over surplus imports is explained.

From a new Return No. 23, published in the 1906 volume, it would appear that Canadian exports via American ports are fast increasing, the amount so shipped to the United Kingdom being set down as \$31,769,234 or £6,536,880, the total so shipped for the year being \$40,787,902. Foreign imports, via American ports, including \$13,283,428 from the United Kingdom amounted to \$25,936,120, all apparently credited to their proper countries.

BRITISH AND AMERICAN COMPETITION.

The main object of this paper is to test the statements that imports from the United Kingdom, since 1897, have increased more rapidly than those from the United States, and although the Tariff Reform League have published a report on the new Canadian Tariff, in which they admit the United Kingdom has lost ground relatively, it is still desirable to pursue the subject and endeavour to arrive at the real effect of preference.

The official figures for merchandise entered for home consumption here reproduced in Table E, both as to amount and percentage, are practically the only figures available for ready use by the general public.

Table E.—Canadian imports of merchandise entered for Home Consumption, amended for price to Index No. 72 (\$00,000 omitted).

Year ending June.	Index No.	From United Kingdom.			From United States.			Total of all Countries.	
		Actual.	Corrected	%	Actual.	Corrected	%	Actual.	Corrected.
1889	72	42.2	42.2	38.73	50.0	50.0	45.86	109.1	109.1
1890	72	43.3	43.3	38.75	51.4	51.4	45.99	110.7	110.7
1891	72	42.0	42.0	37.67	52.0	52.0	46.65	111.5	111.5
1892	68	41.0	41.4	35.66	51.7	54.7	44.90	115.2	122.0
1893	68	42.5	45.0	36.92	52.3	55.4	45.44	115.2	122.0
1894	63	37.0	42.3	33.96	50.7	57.9	46.52	109.1	124.7
1895	62	31.0	36.0	30.85	50.2	58.3	49.84	100.7	117.0
1896	61	32.8	38.7	31.15	53.5	63.1	50.80	105.4	124.4
1897	62	29.4	34.1	27.53	57.0	66.2	53.48	106.6	123.8
Difference		-12.8	-8.1	-11.15	+7.0	+16.2	+7.62	-2.5	+147
1898	64	32.0	36.0	25.36	74.8	84.1	59.24	126.3	142.1
1899	68	36.9	39.1	24.72	88.5	93.7	59.24	149.3	158.1
1900	75	44.3	47.5	25.66	102.1	98.0	59.17	172.5	165.6
1901	70	42.8	44.0	24.10	107.1	110.2	60.30	177.7	182.8
1902	69	49.0	51.1	24.95	114.8	119.8	58.40	196.5	205.0
1903	69	58.8	61.4	26.15	128.8	136.4	57.29	224.8	234.6
1904	70	61.7	63.5	25.34	143.0	147.1	58.71	243.6	250.6
1905	72	60.3	60.3	23.98	152.4	152.4	60.58	251.6	251.6
1906	77	69.2	64.7	24.42	168.8	157.8	59.59	283.3	264.9
Difference Since 1897.		+39.8	+30.6	-3.16	+111.8	+91.6	+6.11	+176.7	+141.1
		+135.4%	+90%	—	+196.2%	+138%	—	+158%	+114%

The figures purport to show that in volume and percentage the imports from the United Kingdom between 1889 and 1897 seriously decreased, whereas those from the United States showed a distinct increase, the total imports appearing to have fallen slightly. The period referred to was one of falling prices, as will be seen by the index numbers, and the columns of amounts corrected for price show that the British decrease was not so bad as the official returns would make it appear to be, and that the American increase was much more substantial, and that the total imports in reality had increased \$14,700,000 instead of having fallen \$2,500,000. During the period after preference prices improved and the increase in imports all round, notable as it was, has been unduly magnified. In volume Great Britain gained 30.4 per cent. *less* than the general increase, or 24 per cent. on the corrected figures, and the United States gained the same percentage *more* than the general increase.

Professor Hewins, writing in the "Standard" of 4th December last, says it is a mistake to attempt to draw conclusions from gross totals, and that to realise the effect of preference attention must be confined to dutiable goods. Ignoring the incident about steel rails, undoubtedly he is right, but in addition to the points already raised on transit-goods there are several disturbing factors for which allowance must be made before the official returns of even the dutiable imports can reflect the true state of the case. At present they stand as follows:—

Table F.—Gross imports. Merchandise only (\$00,000 omitted).

Years ending June	From United Kingdom.			From United States.		
	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
1897	20.2	9.1	29.3	39.5	25.6	64.1
1906	52.8	16.5	69.3	94.2	79.4	173.6
Increase	32.6	7.4	40.0	54.7	52.8	109.5
	161 p.c.	81 p.c.	136 p.c.	138 p.c.	199 p.c.	162 p.c.
Entered for Home Consumption.						
1897	20.2	9.2	29.4	30.5	26.5	57.0
1906	52.6	16.2	69.2	89.5	79.3	168.8
Increase	32.4	7.0	39.8	59.0	52.8	111.8
	160 p.c.	80 p.c.	135 p.c.	194 p.c.	199 p.c.	174 p.c.

The gross dutiable imports would support the abandoned idea of British success in the race, but the home consumption fails to confirm it.

INFLATION OF IMPORTS.

In a paper printed in the Royal Statistical Society's journal for March, 1906, the inflation of Australian imports from the United Kingdom was described and shown to be due to the inclusion of British re-exports and transshipments of foreign and colonial produce with British and Irish produce under one head, and to additions for freight, thus preventing Australian imports of British goods from agreeing with British shipments to Australia. It is nothing strange to find such cases of inflation of statistics; the first attempt of the Board of Trade to correct the official returns of British imports for true countries of origin referred to in Table D is not much more than a year old. A similar inclusion of foreign goods confuses Canadian statistics of imports of British goods and also American goods to a certain extent, and as far as dutiable goods are concerned from the United Kingdom, some light can be obtained from the official returns of their classification for duty, which yield the following information:—

Table G.—Imports of dutiable goods from the United Kingdom (\$000 omitted).

OFFICIAL CLASSIFICATION.				
	GENERAL & SUBTAX.		PREFERENTIAL.	Total Entd. for H. Con.
	Foreign. \$	British & Irish Expts. of Alcohol. \$	British. \$	\$
1896	2,111	794	19,652	22,557
1899	3,740	928	22,854	27,522
1900	4,354	1,113	26,094	31,561
1901	4,662	1,134	25,906	31,702
1902	5,202	1,130	28,730	35,062
1903	5,638	1,409	35,163	42,210
1904	5,008	1,456	38,476	44,940
1905	5,203	1,452	38,445	45,100
	\$35,918	*\$9,416	\$235,320	\$280,654
1906	6,803		45,723	52,616

It is clear that 12.8 per cent. of these dutiable imports have failed to reach the Canadian standard to rank as British goods, i.e., to contain 25 per cent. of British labour.

Prior to 1901 half-yearly totals of imports in detail are not available, but the totals for ten years show that the amount for January to June averages 49 per cent. against 51 per cent. for the other half of the year. For practical purposes it will be sufficient to treat the two half years as equal, and by adjusting the totals accordingly, with the view of bringing the Canadian years ending June into line with British years ending December, the following comparison is obtained, the figures for 1901 onwards being exact on both sides:—

Table H.—(\$00,000 omitted: Exchange \$4.86 or 4s. 1.4d.).

	Can. Impts. from U.K. for H. Con.	Brit. & Irish Prod. to Canada.	Inflation. Amt. Per cent.	For. & Col. Shipmts. from U.K. re-Expts. Transpmt.
January, 1899	290.9		...	...
June, 1896†	-3.1		...	...
	267.8	235.1	52.7 ... 22.4	38.5 ... 7.7
July, 1896	164.4			
December, 1900†	-2.5			
	161.9	137.7	24.2 ... 17.6	26.8 ... 8.1
January, 1901	294.3			
December, 1905†	-6.2			
	278.1	251.6	26.5 ... 10.5	40.0 ... 16.3
July, 1897—June, 1905	378.7	334.4	44.3 ... 13.2	57.9 ... 24.7

In 1895 a circular letter of instructions was issued to Collectors of Customs in Canada, pointing out that under Section 58 of the Customs Act providing for the collection of ad valorem duties upon "the fair market value" of the goods as sold for home consumption in the country where they were exported directly to Canada, that market value must include the duty which would have been paid in the exporting country had such goods been entered there for home consumption. The value of bounty-fed goods similarly was to be increased by the amount of the bounty. From Table H it will be seen that Canadian imports from the United Kingdom

* Alcohol exempted from preferential treatment, the other exemptions being disregarded (British Tobacco, nil; Sugar, trivial.)

† "Settlers' Effects" not included in British Export Returns.

from 1889 to 1896 exceeded the shipments of British and foreign produce all put together by \$6,590,000, or 2.3 per cent., an increment which is to a certain extent accounted for by the circular letter. From 1896 to 1900, the inflation dropped to 10 per cent. below the amount of foreign and Colonial re-exports alone, and from 1901 to 1905 to 34 per cent. below them.

In order to keep down the value for duty, it became important to Canadian importers to have their purchases of all Continental goods liable to duty in England as far as possible direct from the Continent, and as they had to come to England for shipment it was necessary to avoid as far as possible any question as to their having been landed in England by resorting to transshipment in bond. Reference to the British returns of re-exports and transshipments shows that a distinct increase in transshipments commenced in 1896, and has continued ever since, the proportion having more than doubled.

Table J.—Foreign and Colonial Produce from United Kingdom to Canada.

(In Sterling.)	Re-Exports.	Transshipments.	Total
1889—1895	7,480,922	1,479,154 (16.5 p.c.)	8,960,076
1896—1905	14,187,354	5,119,545 (36.5 p.c.)	19,306,899

Foreign re-exports in England include re-shipments which are in reality identical with transshipments, and this will explain the fact disclosed in Table H that the inflation of Canadian "British" imports was *less* than the foreign and colonial re-exports. Many non-dutiable goods are landed in England and taken by land to the outward-bound ship and re-shipped, Customs entries being passed inwards and outwards. This is a more economical method of transshipping small shipments than passing bonded entries and employing a bonded lighter or van; and it is largely resorted to.* Such goods would be on a Continental invoice and easily identified as a direct shipment.

A Continental invoice would probably be sufficient to prevent the market value for duty being increased under Section 58 on account of transshipment, or reshipping in England, but the country of shipment would probably depend upon the bill of lading, whether it was a Continental through-bill of lading or one issued in England—for although in Table H the inflation of origin dropped, after 1896, below the amount of the re-exports alone, there is reason to think transshipments also continued to figure as British, in many cases, until 1900 at any rate, after which Table H shows there was a further important decrease in the inflation of origin. The importations of silks afford an instance for this assumption.

Table L.—Silk Manufactures (\$000 omitted).

Year ending June.	Canadian Imports from U.K.	British and Irish Expts.	Inflation.	For. and Col. Re-Exports.	Year ending Dec.
	\$	\$	\$	\$	
1896	1,901	256	1,643	650	1896
1897	1,395	214	1,181	598	1897
1898	1,666	330	1,336	1,073	1898
1899	2,047	529	1,518	1,147	1899
1900	2,259	541	1,718	1,112	1900
1901	1,737	523	1,214	1,237	1901
1902	1,929	583	1,346	1,334	1902
1903	1,972	547	1,425	1,332	1903
1904	1,302	874	928	1,149	1904
1905	2,014	1,002	1,012	1,033	1905
	\$15,425	\$4,929	\$10,497	\$9,417	

* The instance of Indian Corn shows that the same thing prevails in Canada.

Owing to the fact that on an average 72 per cent. of the goods transhipped in England under bond are not enumerated in detail, and that silk does not figure amongst the details given, it is impossible to say that the heavy inflation of silk imports beyond the amount of the British re-exports prior to 1901 was due to transhipments, but it is difficult to find any other explanation. Before leaving Table L, it is well to notice the remarkable improvement in British exports of silk since preference came in.

Before an attempt can be made to reduce the imports from Great Britain and the United States to a more or less competitive basis by the elimination of articles in which rivalry does not or cannot occur, it is necessary to reduce those from the United Kingdom to true British goods. Opinions may differ as to what goods are entitled to rank as British now that foreign manufactured, or semi-manufactured, goods play so large, and so constantly increasing, a part in the composition of British exports. The official Canadian test of a minimum of 25 per cent. of British labour is not an easy one for Customs officials and importers to settle, and it is not an exorbitant demand to make before admitting goods to a rebate of duty, but the only established check on this system which is available to statisticians is the official return of British and Irish exports passed by the British Customs, and with this only can the Canadian classification be measured—but even this standard is not ideal when the object is to ascertain to what extent a colony, by its purchases, assists the British working classes to support themselves and buy that Colony's exports. British imports of rice for 1904-6 average 8s. 11d. per cwt., and cleaned rice is exported as British averaging 9s. 2d. per cwt., which no Colony would class as British. Hides, wool, and tin, of nominally British origin, are exported to Canada as well as some of foreign origin, but to take credit for British produce of articles such as these, the home consumption of which is so largely in excess of the home production, is deceiving, and injures comparisons and conclusions; moreover, the identity of origin rests to a great extent upon wharfingers' office boys who pass the export entries. American wheat milled in Canada becomes Canadian flour, and American hogs killed and cured in Canada become Canadian bacon—to the benefit of Canadian export statistics. Similarly, rolling stock is exported as British the underframes, wheels, and axles, and buffers of which are German, and the superstructure only British. German spectacle-frames and French glasses are put together in England and pass as British, and British workmen go out of employment, and poverty soon destroys the skill of hand and eye.

In assessing the inflation the British and Irish Standard is used in Table H, but for competitive comparison with the United States two special lists have been culled from the Canadian gross import lists, the British one consisting of articles of obviously foreign origin, a summary of which is given in Table M, which will be used as a means of checking the inflation shown in Table H. A division of British and foreign manufactured goods shipped from the United Kingdom cannot be made from the Canadian figures but by referring to the British export returns Table L on silks has been drawn up to supplement Table M in a very important particular. The inclusion of manufactured goods in the special lists would spoil the subsequent competitive comparison.

Table M.—Canadian Imports of Foreign Produce from United Kingdom, being a Summary of Table P (\$000 omitted).

Year ending June	+British Propn.		Foreign.		*Animals, and Settlers' Effects.		Total.	
	Dutiable.	Free.	Dutiable.	Free.	Dutiable.	Free.	Dutiable.	Free.
1896	126	247	973	2,429	6	458	1,105	3,134
1897	69	223	719	2,447	—	400	788	3,070
1898	81	822	1,072	2,775	2	509	1,155	4,106
1899	109	935	1,283	2,808	2	517	1,395	4,260
1900	104	1,069	1,566	3,339	6	777	1,676	5,185
1901	154	795	2,128	2,791	23	958	2,309	4,554
1902	131	1,162	1,623	3,410	22	917	1,777	5,489
1903	121	1,263	1,531	3,788	16	1,327	1,667	6,378
1904	131	958	1,668	3,809	14	1,745	1,813	6,512
1905	164	1,469	1,916	3,841	9	1,901	2,089	7,211
1906	995	8,473	12,787	26,561	99	8,661	13,881	43,695
	219	1,817	2,829	4,507	2	2,333	3,060	8,657
	1,214	10,290	15,616	31,068	101	10,994	16,931	52,352
	11,504		46,684		11,095		69,283	

Subject to the accuracy of Column 1, the percentage basis of which rests largely on the frail authority of export declarations, Column 2 consists of foreign produce which is part of the inflation shown in Table H, Column 3.

Bringing Tables G, H, L, and M to bear upon one another, the following calculations and results may be drawn:—

	Foreign Goods.	Variation 11.2 per cent.	Foreign Goods Amended.
1898-1905.			
Table M.—Special List Dutiable	12,787,000		
Table L.—Silks Dutiable	10,497,000		
Dutiable Foreign Goods	23,284,000	— 2,612,000 =	20,672,000
Table M.—Special List Free	26,561,000	— 2,980,000 =	23,581,000
Total Foreign Goods Recorded	49,845,000	— 5,592,000 =	44,253,000
Table H.—Inflation of British and Irish Goods ...	44,253,000		
Margin of Variation	\$5,592,000	= 11.2 p.c.	

Table G Classification. Difference.		
Foreign.—Dutiable brought down	20,672,000	... 35,918,000 ... 15,246,000
Foreign.—Free brought down	23,581,000	
Foreign.—Total brought down	\$44,253,000	

It is scarcely possible to resist the inference that this difference \$15,246,000 represents dutiable goods exported as British and Irish produce, which failed to establish the moderate qualification required for them to rank as British in Canada, and that they were disrated and placed under the general tariff as foreign goods, the imports from the United Kingdom being treated as follows:—

* Blood Stock (non-competitive).

† British and Irish export proportion of Furs, 39 p.c.; Hides, 69 p.c.; Wool, 38 p.c.

Table N.—(\$'000 omitted).

	Dutiable.	Free.	
83.8 British admitted to Prefce.	235,320	—	(Table G.)
3.4 " Alcohol	9,416	—	"
5.4 " Disrated to Foreign..	15,246	—	"
" Unrevised	—	74,418	
	259,982	74,418	334,400 Brit. & I. Expts.
7.4 Foreign Dutiable.....	20,672	23,581 =	44,253 } For. & Col.
" Reshipments taken			Exports.
to True Countries			57,904 (Table H.)
of Origin.....	—	—	13,651
Settlers' Effects Unrevised...	—	7,305	
100.0 Imports from U.K.	\$280,654	105,304 =	385,958 Entd. for H. Con.

The opposition case cannot be put any higher than this:—

	Dutiable.	Free.	
British admitted to Preference...	235,320	—	334,400 B. & I. Exports.
" Alcohol	9,416	—	
" Goods	—	89,664	
Foreign Goods (Table G)	35,918	—	44,253
" Balance	—	8,335	
			13,651 Re-Shipments.
			57,904 F. & C. Re-Expts
	280,654	97,999	
Settlers' Effects	—	7,305	
	280,654	\$105,304 =	385,958 Entd. for H. Con.

The relative measure of accuracy attaching to the two propositions depends mainly on the merits of the special list summarised in Table M, and a perusal of the items composing that list cannot fail to contradict any supposition that the foreign free goods shipped via Great Britain only amount to \$8,335,000. These items will be found in Table P, and they include a few articles which may claim to rank partly as British and be sufficient to make up the 11.2 per cent. difference between the excess of Canadian imports over British exports in Table H, and the special lists and the inflation in silk.

In the dutiable column some may think that the cost of manufacturing arrow-root, chocolate, and gelatine would be sufficient to entitle those articles, or that portion of them which is prepared in the United Kingdom, to rank as British. Lead is an article the home production of which is not nearly equal to the consumption, and even if a portion shipped to Canada was actually of British origin, in effect it was foreign. The percentage of dressed furs taken as British is based on the British export returns and is approximate.

In the free column, cotton, cream of tartar, and hair may be open to doubt. Tin, spelter and zinc are in the same position as lead. The percentage of hides taken as British is very high, and it would not be surprising if many came from Canadian cattle slaughtered in England—at any rate, they fall into the same category as lead. If the export returns can be relied upon, some 38 per cent. of the wool taken by Canada is British-grown, but some doubt may be felt whether this is actually the case. It is submitted that these lists, which contain no foreign manufactured goods whatever, cannot be regarded as overdrawn, and that there cannot be less than \$23,581,000 foreign free goods in the imports from the United Kingdom; consequently the foreign dutiable goods shipped as foreign cannot amount to more than \$20,672,000,

and the amount of so-called British dutiable goods disrated to foreign cannot be less than \$15,246,000. It may be a good deal more. On working out the years separately to account for this amount, the zeal of the Collectors of Customs appears to have been an increasing factor up to 1903, after which the importers seem to have gained a little.*

Table O.—Imports from United Kingdom below Preferential Standard.

(\$000 omitted.)

1898	1899	1900	1901	1902	1903	1904	1905
-27	... 1,253	... 1,440	... 1,695	... 2,566	... 3,013	... 2,702	... 2,604 = \$15,246,000

The minus quantity in 1898, of course, is not actual, but represents a margin of error which must attach to Tables L and M being prepared from gross imports, and Tables G and H from home consumption, but Table B showed the difference to be only .7 per cent., and the smallness of the amount, and the regular subsequent course of yearly increase and then decrease tend to confirm the accuracy of the method adopted. The difference in the British and Canadian fiscal years in Table L on silk also prevents exact accuracy.

Before accepting, therefore, the total importations of dutiable goods as a gauge for the effect of preference, it is necessary to make allowances for

- (a) Canadian inflation of figures by the inclusion of foreign and Colonial produce.
- (b) British alcohol barred from preference,
- (c) British inflation of figures with goods below preferential standard.

During 1898-1905, the first amounts to 7.4 per cent. of the dutiable goods from the United Kingdom; the second to 3.4 per cent.; the third to 5.4 per cent. Total 16.2 per cent.

Although preferential reciprocity with the Colonies is often stated to be the inseparable complement of a protectionist policy towards foreign countries, the proposition has never been clearly demonstrated; but the fact that Canada finds it necessary to enter a protest regarding the composition of British exports points more towards the reverse—that protection should precede preference and restore to the British working classes the privilege of making British goods. On the 14th December last, members of Parliament in Canada complained of the low standard demanded—25 per cent. including the cost of the cases—and others maintained that there should be 50 per cent. of British labour, if not 75 per cent., because Continental countries were getting the benefit of the preference. The percentage actually disrated is only 4½, but there must be a considerable quantity amongst the rest largely composed of foreign material.

BRITISH AND AMERICAN COMPETITION.

In order to reduce the gross imports to a competitive basis, the goods comprised in the two special lists in the following table must be deducted:—

Table P.—Special Lists of Disturbing Factors (\$000 omitted).

Dutiable.		1898 - 1906.		Free.	
From United Kingdom.	From United States.			From United Kingdom.	From United States.
102	10,198	Animals	.....	1,740	6,229
167	—	Arrowroot	.....	—	—
—	—	Asphalte	.....	—	826
—	—	Bristles	.....	306	341
1,280	—	Rice	.....	—	—

* In 1904 and 1905 German goods were subjected to a Surtax.

A Survey of Canadian Imports.

Table P (continued).

Dutiable.		1898-1906.	Free.	
From United Kingdom.	From United States.		From United Kingdom.	From United States.
	50,628	Gram		51,050
	4,097	.. Products		
	—	Broom Corn		1,486
	12,318	Carriages		—
	59,847	Coal and Coke		79,717
1,336	1,438	Cocoa and Chocolate	206	522
68	1,102	Coffee	786	—
	—	Cotton	309	46,318
	—	Brimstone	1,103	784
	—	Cream of Tartar	161	281
131	201	Gelatine		—
682	81	Gums	122	6,169
	234	Grease	—	2,809
67	499	Liquorice	—	—
	—	Indigo	—	310
	—	Logwood Extracts	—	78
	—	Quicksilver	—	523
	—	Vanilla	—	198
	826	Fertilisers	—	694
	4,318	Fish and Oysters	—	94
	—	Hemp	4,185	3,784
491	6,971	Fruit, dried	—	—
1,289	10,225	.. green	—	7,395
3,113	1,695	Furs	2,626	9,489
	254	Grass and Fibre	942	2,427
	889	Hay	—	—
	973	Hops	—	—
	—	Rubber and Gutta Percha	101	16,844
	—	Hair	94	404
	—	Hides	9,866	19,949
1,376	593	Lead	—	34
	—	.. Tea	366	—
	—	Copper, bar and bolt	—	9,244
	—	Tin	1,897	3,211
	—	Spelter	222	438
	—	Zinc	387	215
	—	Ores	—	5,631
	—	Ivory	147	—
19	9,395	Oil, mineral	11	1,609
295	—	.. castor	—	—
	—	.. Coconut and Palm...	87	598
	1,948	.. cotton seed	—	—
182	132	Precious Stones	3,418	682
	22,022	Provisions	—	27
	—	Rennet	—	420
	—	Rosin	—	1,606
	446	Sausage Casings	—	—
	—	Flax Seed	—	8,061
	—	Settlers' Effects	9,254	36,612
	1,533	Stone rough and wrought	—	786
	260	Sponges	—	—
1,129	683	Spices	—	—

Table P (continued).

Dutiable.		1898—1906.		Free.	
From United Kingdom.	From United States.			From United Kingdom.	From United States.
345	—	Brandy	—	—	—
167	—	Rum	—	—	—
417	912	Wines	—	—	—
3,222	5,556	Sugar	—	—	18
25	520	Tea	7,460	—	—
1,078	2,204	Tobacco	86	—	17,114
—	13,360	Wood and Manufactures	—	—	40,582
—	3,322	Turpentine	—	—	4
—	—	Wool	6,470	—	3,030
—	4,133	Vegetables	—	—	—
—	305	Yeast	—	—	—
\$16,931*	234,118			52,352*	388,641
Annual Totals.					
1,106	16,538	1896	3,133	20,353	
788	19,988	1897	3,070	21,699	
1,155	20,041	1898	4,106	29,448	
1,395	22,862	1899	4,260	34,620	
1,676	22,869	1900	5,185	36,336	
2,509	26,025	1901	4,554	38,752	
1,777	27,565	1902	5,489	38,553	
1,667	28,939	1903	6,378	44,180	
1,813	30,696	1904	6,512	51,839	
2,089	25,986	1905	7,211	54,188	
13,881	204,963		43,695	327,916	
3,050	29,135	1906	8,657	60,725	
\$16,931*	234,118		52,352*	388,641	

These figures, being taken from the gross imports, must be deducted from the gross imports, and they include the items which compose the bulk of the surplus imports which presumably went for exportation (see Table C). Metal manufactures and drugs and chemicals, which appear in Table C to be accountable for some of the surplus imports, are not included in the American list; but they do not amount to more than \$7,000,000 in eight years, and, on the other hand, many items have been omitted from the British list which ought strictly to appear—such as coal and entries under the head of "Carriages," which include bicycles, &c., as well as rolling stock, the bulky character of which practically gives the American maker a monopoly by being able to deliver by rail.

It is a little difficult to assess the quantity of foreign competitive goods included in the imports from the United States from the Continent of Europe; but some indication may be gained from the fact that the imports (German) subjected to surtax have been as follows:—

	1904.	1905.	1906.
Included in United Kingdom	\$758,908	683,023	837,775
Included in United States	152,973	156,556	148,952

* See Table M.

The proportion imported via the United States appears to be decreasing to 15 per cent., as against 85 per cent. via the United Kingdom; but it must be assumed that French and Belgian goods also reach Canada as imports from the United States, and an allowance equal to 25 per cent. of the amount of foreign goods shown in Table N as imported from Britain—viz., \$44,253,000—should be ample to meet the case. It must be remembered that goods also are shipped direct from the Continent to Canada, 120 vessels (amounting to 324,000 tons) being entered inwards in Canada in 1906 from France, Germany, and Belgium.

Table Q.—Dutiable Goods from United Kingdom (\$000 omitted).

Corrections.—Foreign, 835,918; British Spirits, 9,416; Animals, 99 = 845,433.

Index No.	Year.	Gross Impts.	Deduct	Gross Pref. Competitive.	Home Con. Preference.	Gross Compt. excludg. Spirits.	Gross Compt. Amended to Ind. No. 72
A	Special List	13,881					
B	Silk Inflation	10,497					
	Goods Disrated	15,216					
					—39,624		
	Var. 11.2 per cent. on A & B	2,612					
	British Furs (Table M.)	995			+ 3,607		
						— 36,017	
	Animals (Table M.)					99	
	Foreign Goods (Table G.)					35,918	
61	1896	24,576					
59	1897	20,190					
61	1898	22,970	2,907	20,063	19,652	20,857	24,618
70	1899	27,450	4,671	22,779	22,854	23,707	24,384
80	1900	32,286	5,475	25,811	25,094	27,924	25,131
72	1901	31,868	5,823	26,045	25,096	27,179	27,179
71	1902	35,330	6,355	28,975	29,730	30,105	30,529
72	1903	42,439	7,061	35,378	35,163	36,787	36,787
72	1904	45,168	6,476	38,692	38,476	40,148	40,148
75	1905	45,414	6,665	38,749	38,445	40,201	38,593
		\$282,925	45,433	237,492	235,300	246,908	247,369
83	1906	52,767	Animals	99	2,271	Diff Gross. & H.C. Impts.	
	(Amended to No. 72 45,774)			237,591	237,591	(Table B.)	
	Inc. 1899-1905	22,444		18,729	18,793	19,344	13,975
		99 p.c.		95 p.c.	95 p.c.	93 p.c.	57 p.c.

Table Q2.—Free Goods from United Kingdom.

Corrections. Special List \$26,561 = 11.2% 2,980 = 23,581 + Settlers' Effects, 8,661 = 32,242

Index No.	Year.	Gross Imports.	Deduct.	Gross Competitive.	Amended to No. 72.
60	1896	8,426			
59	1897	9,138			
61	1898	9,439	2,972	6,467	7633
70	1899	9,366	3,008	6,358	6539
80	1900	12,676	3,745	8,931	8078
72	1901	11,075	3,446	7,629	7652
71	1902	13,914	3,944	9,970	10,110
72	1903	16,526	4,650	11,836	11,836
72	1904	16,740	5,126	11,614	11,614
77	1905	15,125	5,311	9,814	9,488
		104,884	32,242	72,642	72,910
83	1906	16,539		1,856	Animals
				420	Diff. Home Con. & Gross Impts.
				74,418	(Table B.)
					Table N.
	Increase 1898-1905	5,666		3,347	1,855
		60 p.c.		52 p.c.	24 p.c.

Table R.—Dutiable Goods from United States (\$000 omitted).

Corrections. Special List \$204,983 + 25% of \$20,672 = \$5168.

Index No.	Year.	Gross Imports.	Corrections, Special.	25% Allowance.	Gross Competitive.	Gross Competitive Amended to 72.
60	1896	34,415				
59	1897	39,535				
61	1898	46,097	20,041	536	25,520	30,122
70	1899	53,282	22,862	624	29,796	30,651
80	1900	60,820	22,869	731	37,220	33,498
72	1901	62,823	26,025	744	36,064	36,064
71	1902	60,922	27,565	661	40,696	41,270
72	1903	75,278	28,939	658	45,681	45,681
72	1904	72,961	30,695	563	51,722	51,722
75	1905	83,240	25,906	651	56,603	54,339
		\$533,443	\$204,983	\$5,168	\$323,292	\$323,337
83	1906	94,197	29,135			
Inc. from 1898-1905		837,143			831,083	\$24,217
		81 p.c.			122 p.c.	80 p.c.

Table R2.—Free Goods from United States.

Corrections. Special List + 25% of \$23,581 = \$5,895.

60	1896	24,875				
59	1897	26,605				
61	1898	35,925	29,448	616	6,859	8,096
70	1899	43,821	34,620	623	8,578	8,823
80	1900	48,389	36,336	742	11,311	10,180
72	1901	53,148	38,752	619	13,777	13,777
71	1902	54,309	38,553	757	15,499	15,717
72	1903	60,671	44,180	841	15,650	15,650
72	1904	66,200	51,839	845	13,516	13,516
75	1905	72,495	54,188	852	17,455	16,757
		\$435,456	327,916	5,895	102,645	102,516
83	1906	79,465				
Inc. from 1898-1905		35,572			10,596	8,661
		96 p.c.			154 p.c.	107 p.c.

The index numbers applied to these tables are those for materials only, almost all food having been eliminated from them, and the result is that the United States have increased in competitive dutiable goods 80 per cent. against the United Kingdom's increase of 57 per cent., notwithstanding the preference against the States. If spirits and disrated goods be added to the British dutiable total, the British percentage of increase is 66 per cent. instead of 57 per cent. In free goods the contrast is still more striking—107 per cent. against 24 per cent.

The duty collected in 1906 on British goods admitted to preference—\$45,723,019—amounted to \$9,380,210, being an average rate of 20 per cent., and the duty sacrificed in giving this preference must have been \$4,690,000, or nearly a million sterling in one year. It is grievous to think that so great a sacrifice should have failed to stay the great rival's advance; but the great advantage American manufacturers have in being within a day or two of postal communication, and having the facility of rapid delivery by rail, compared with the length of time required to obtain goods from England, the preference in all urgent orders must be in their favour. Speedy and certain delivery by rail and the avoidance of the risks and perils of sea carriage

must always prove important factors in determining the course of trade. The average rebate of 10 per cent. duty does not necessarily mean that the consumer or the importer will gain 10 per cent. by purchasing British goods instead of American, as it may often merely enable the British manufacturer to supply at a price a little below or not exceeding his American rival.

It is not suggested that the results of preference in Australia or South Africa would be the same as in Canada, where the geographical position is of such importance; but the same difficulty would arise everywhere as to the standard by which to test British exports for preferential treatment, and this Paper will have shown what widely different opinions prevail on the subject.

T. H. HAYNES.

Tavistock, March 14th, 1907.

